

MINUTES OF THE WORK SESSION MEETING OF  
THE SPRINGFIELD CITY COUNCIL HELD  
MONDAY, APRIL 11, 2005.

The City of Springfield council met in a work session in the Jesse Maine Meeting Room, 225 Fifth Street, Springfield, Oregon, on Monday, April 11, 2005 at 5:35 p.m., with Mayor Leiken presiding.

ATTENDANCE

Present were Mayor Leiken and Councilors Ballew, Ralston, Lundberg, and Pishioneri. Also present were City Manager Mike Kelly, City Attorney Joe Leahy, City Recorder Amy Sowa and members of the staff.

Councilors Fitch and Woodrow were absent (excused).

1. Booth Kelly Center.

Community Services Manager Dave Puente presented the staff report on this item. The Booth Kelly site has been under city ownership since December of 1985. Throughout this period of time, the primary focus of staff has been to repair, maintain and market the existing structures to protect the city's investment and, where possible, to utilize these properties to maximize the city's capital investment return.

The objective of the presentation is to provide council with a general overview of the success of the facility resulting from earlier City Council direction and a discussion regarding the long-term strategy for managing this valuable city asset over the next five years.

Mr. Puente gave a power point presentation showing the background of the Booth Kelly Mill site as a mill, until its closure in 1964, and as the Big M Shopping Center until 1985. In December 1985, the property was donated to the City of Springfield. He referred to the amount of property that was donated to the city along with a mill pond and the Mill Race.

Councilor Ballew asked how much the mill was able to write off with that donation.

Mr. Leahy said that amount was not disclosed.

Mr. Puente described the city's role in investigating the soils on the site, looking at the infrastructure and access bridges to the site and checking the facilities on the site. In December 1986 options were given to council by staff: 1) partial improvements and leasing the improved portion. Apply the lease payments to additional rehabilitation of the facilities; 2) obtain grants or donations to improve a major portion of the mill; 3) close the mill buildings; or 4) demolish all buildings. Council chose a combination of options one and two. Council directed the city to give Booth Kelly some money to start the improvements of the facility and directed staff to look for grants or donations to do the major repair. Council also gave four guidelines: 1) cover all debt service; 2) generate new jobs in the downtown area through manufacturing and industry; 3) be an economic vitality for downtown Springfield; and 4) break even or make a profit. Staff worked over the years and met those objectives. With the money received through grants, access to the facility was improved, one facility was demolished and many infrastructure improvements were made. They opened the mill race, converted some of the space to smaller offices, and repaired

the building currently leased by the Gunderson's. He showed a picture of the only building that survived the fire in 1911, which was now a pump station used by Springfield Utility Board (SUB). In 1994-95, Springfield created the Booth Kelly Enterprise Fund. Booth Kelly was now a stand-alone operation facility with no city funding and a percentage that was committed back to the city. Booth Kelly had been used as a fund balancing mechanism for the budget process. Mr. Puente said in a typical year, Booth Kelly generated about \$725,000 in revenue from rents and interest, with about \$55,000 allocated for staffing of the facility and \$150,000 for materials and services. He said about \$60,000 of the \$150,000 was taxes paid by Booth Kelly and \$50,000 was invested overall for capital improvements of the facility, leaving a net income of about \$470,000. Approximately \$350,000 was brought back to the General Fund and the remaining money went into the Booth Kelly account, which was currently \$1.2M.

Councilor Ballew asked how much the city collected for taxes.

Mr. Puente said the city collected about \$62,000 annually from Booth Kelly.

Mr. Kelly explained that even if the city owned property, if it leased it out, it must pay taxes.

Mr. Puente said since its creation, the Booth Kelly Fund had given back about \$2.5M to the city and it was projected this fund would give another \$1.8M through 2010. The Booth Kelly Center had created 108 jobs in the facility. There were currently eighteen tenants. Mr. Puente explained the different tenants and their functions. Gunderson, a company that repairs railroad cars, invested about \$150,000 three years ago on this site.

Councilor Ballew asked about the length of the leases.

Mr. Puente said the city prefers to have their tenants sign at least a five-year lease.

Mr. Leahy said that was under discussion at this time.

Mr. Kelly said tonight's discussion was to look at this site and determine how council would like to proceed with this area. He discussed advantages and disadvantages with short and long-term leases. That was one of the key issues to discuss with council. He discussed the vision of some for the downtown area.

Mayor Leiken asked how many were employed at Gunderson.

Mr. Puente said Gunderson employed 55 full-time employees at about \$15-\$17/hour. He discussed some of the projects going on in the Booth Kelly Center, including the Mill Race Project. He explained some of the options for the future and some of the obstacles in redevelopment of the site. He described those obstacles including: physical constraints of property; lack of adequate infrastructure; loss of existing jobs; high inventory of vacant land; high cost of demolition/redevelopment; and loss of revenue to city. The conditions of the soil under the existing footprints of the building were unknown. The soil to the east of the existing buildings was bad. He discussed the size of the property. He discussed the advantages of redevelopment including: one ownership; clear title; central location; close proximity to downtown and the Mill Race; and possibility of public/private partnership.

Mr. Puente described the options which included: 1) stay the existing course; 2) start negotiating longer or shorter term leases; 3) consider partial redevelopment of the site to make a better compliment to the Mill Race and downtown area; or 4) create an urban renewal district.

Councilor Ballew asked if they could keep light industry and add some commercial and residential. She asked if the land would prohibit that type of development.

Mr. Puente said it may not prohibit that, but one obstacle would be the Gunderson property. That business had a lot of noise and would need to be muted if other parts of the property were to be developed residential.

Mr. Kelly said staff could do a feasibility study with the city as the developer which would look at adding commercial space in the front or other areas. He said the traditional way cities have done a redevelopment was to get redevelopment proposals from outside agencies with certain terms and conditions and choose one. Another option would be to put out a Request for Proposal to developers and choose which developer could come in to do the redevelopment. Staff saw that option in the future of Booth Kelly. Mr. Kelly said in his view, in five or six years after success in Glenwood, the city could do an urban renewal district in the downtown area including Booth Kelly. They could then ask for development proposals. He said he had heard from downtown developers that there was not enough people downtown to support more of the retail developments now. People were looking at what the city could do to generate more people downtown with public projects. Some developers had said that if the city would invest in public property downtown with more mixed use to bring people downtown, they would be willing to invest in other properties downtown in a public/private partnership. He said that could be an option in the future with tax increment financing through an urban renewal district.

Councilor Ballew said she hoped the city would look at ninety-nine year leases rather than selling or leasing short-term.

Mr. Kelly said there were ways that could be done.

Mayor Leiken asked if it had been confirmed by Coach Bowerman's family that the first Nike shoe was developed in one of the buildings on the Booth Kelly site.

Mr. Tamulonis said there was a building that was used by Coach Bowerman to create the first waffle sole shoe.

Mayor Leiken asked if there was a Bowerman Foundation or a Nike Foundation that the city could connect with to build around this site. The connection could be the start of some redevelopment for historical purposes.

Mr. Tamulonis said he would explore that possibility.

Councilor Ralston said the city was doing well with this property now and he would take a more conservative approach by looking further out into the future at things that would make sense. He said he wouldn't change anything in the next five to ten years. He did not want to see reductions to the city budget or a loss of jobs. Whatever might be done in the future would need to be at least as beneficial to the city as it was now.

Councilor Lundberg asked about the occupancy at Booth Kelly now.

Mr. Puente said 222,000 square feet was available, and about ninety percent was currently occupied. He noted that the city had not found success with large tenants, so some of the larger spaces were being converted to smaller spaces.

Councilor Lundberg asked if that could be considered partial redevelopment.

Mr. Puente said it could, or it could mean a better enhancement to the proposed Mill Race improvements.

Mayor Leiken said the Army Corps of Engineers had agreed to fund the Mill Race. He asked for a timeline on construction of the Mill Race improvement.

Technical Services Manager Len Goodwin said the major construction would begin next year. There could be some minor construction this year. The project should be completed in one construction season.

Councilor Lundberg discussed the Mill Race and the access for the public to that pond. She said she would like to look at some type of redevelopment that would fit with the Mill Race because it would be a major reconstruction. She said it may be worthwhile to look at a Request for Information to see if anyone was interested in redeveloping that area.

Mr. Puente said they had not received any interest in doing that at this time.

Councilor Pishioneri asked if there was room along the Mill Race. It would make sense to build a facility with retail on the bottom and apartments on the upper level. This would bring more people downtown.

Councilor Ralston said he didn't think there would be enough room in that area because of the fifty foot setbacks from the Mill Race.

Mr. Goodwin said part of the Mill Race project was the acquisition of property from McKenzie Forest Products on the north side from the SUB building east. There was some limited possibility of extending South B Street further to the east and some potential for new development along that street. There would need to be another access to that area. At this time, the 5<sup>th</sup> Street access is the only access to the area across the railroad tracks and that is somewhat of a constraint to a developer.

Councilor Ralston said there was an underwalk on 16<sup>th</sup> Street.

Mr. Goodwin said the city would be acquiring that as well and hoped to convert that into another easement that could permit traffic, but that may not be possible.

Councilor Ballew said increased residents in the downtown area may not make that much difference to developers. She said the City of Pasadena built stacked parking around the area that was depressed and over time it was redeveloped because it allowed more people to come to area.

Councilor Pishioneri agreed and said it was similar in Tempe, AZ.

Councilor Lundberg said one of the issues with Booth Kelly was the railroad. To develop the area as retail, it could be a problem with traffic getting blocked by the train. She thought the site could be better utilized as industrial. She said a feasibility study could be helpful in determining the best use. She would prefer staying the course or looking at a feasibility study. She said more information was needed before decisions were made.

Mr. Kelly said if council chose, staff could get a feasibility study for this area now and bring back the information in a few months. Staff could stay the course in leasing out this property for five-year terms and look at a feasibility study in about five years to see if something else should be done. Council could also choose to issue longer term leases and have no feasibility study. Staff needed to find out from council which way they wanted to go. Staff had done some testing regarding redevelopment and currently a change would not bring in the same amount of cash flow to the city. If council would like to maintain the revenue stream, it would be best to leave things as they are, but if council would like to have less profit but building more downtown amenities, they may want a feasibility study or call for proposals.

Councilor Ballew said downtown was relatively small in area and would need Booth Kelly. She felt that nothing should be done in the next five years. She suggested, however, conducting a feasibility study during or at the end of five years. She said the site could be divided into sections and allow five-year leases in some sections and ten-year leases in other sections.

Mayor Leiken said the city had been good at thinking outside of the box. The Booth Kelly site had been a good cash revenue source. He would suggest leaving it alone, but exploring different options for the future. Developers would look to see the city's direction. He referred to an old mill site in Bend and how they were creative in redeveloping that site. Once the Mill Race was developed and the asset was known, we could look at the rest of the site. It would give council a better opportunity to address future options. He suggested asking staff to come back in one year once the Mill Race Phase I was completed. He also asked staff to pursue funding or grants from the Bowerman Foundation.

Councilor Pishioneri agreed. He said it would be responsible to look at ways to maximize the property and potential opportunities. He said he would like staff to move forward cautiously and look at options that could increase the city's revenue.

Councilor Lundberg said she agreed with Councilor Ballew's suggestion of giving longer term leases to Gunderson's and others. She said it would make sense to divide the site based on spaces and location. She said it would be important to have a feasibility study in the next two to five years. The railroad would remain an issue.

Mr. Puente explained the issues involved in trying to put an overpass over the railroad crossing.

Councilor Ballew said a feasibility study could be conducted along the entire stretch beyond Booth Kelly.

Mr. Kelly recapped council's direction regarding different leasing options and a feasibility study in the next three to five years. He agreed that it was the best option to leave things as they were for the next three to five years because the city depended on the income for its budget.

## 2. Emergency Medical Services Program and Financial Evaluation Update.

Deputy Fire Chief John Garitz presented the staff report on this item. The city has engaged the services of a national consulting firm to evaluate the Fire and Life Safety Department's Emergency Medical System (EMS) program. The consultant team is mid-way through their review.

Mr. Garitz distributed a handout referring to the EMS Financial and Operations Study power point presentation. Mr. Garitz introduced Richard Keller, one of the founders of Fitch and Associates, a pre-eminent EMS consulting firm. Mr. Keller had been here gathering information and had a power point presentation.

Mayor Leiken welcomed Fire Chief Tallon from the City of Eugene who was present in the audience.

Mr. Keller said during this site visit, they should wrap up their data collection and the report should be delivered in about thirty days. He said it was important for council to understand the report in its entirety and develop questions throughout the process. He said the Springfield Fire and Life Safety (F&LS) had delivered EMS services for twenty-four years. They had a national reputation for quality, efficiency and innovation and had won national awards. Springfield had been a leader among fire services and that reputation continued. He noted that Mr. Garitz was part of the committee to review Medicare payments. He explained the Medicare reimbursement.

Mr. Keller said over the twenty-four years, EMS had brought in \$50M to the city and had been a revenue generating venture. Mr. Keller said the study goals were to determine ways to improve effectiveness, efficiency and economy. Those goals would be achieved by analyzing the EMS system design, looking at alternative delivery options, evaluating non-emergency transportation market, looking at the ambulance accounting service and contracts, and looking at the EMS fund allocations. He discussed the importance of conducting the study due to losses in the EMS fund over the last few years. He described the causes of the financial changes, such as the new Medicare fee schedule, the Eugene pullout of billing and FireMed services, and non EMS allocation of funds. He explained that the majority of the implementation of the new Medicare fee schedule would end after the end of this calendar year.

Councilor Ballew asked about the Medicare fee schedule and why it would no longer be an impact.

Mr. Keller said the impact on Oregon was a significant decrease in the amount that Medicare would allow in reimbursement for ambulance services.

Mr. Garitz said the fee schedule was phased in over a four year period and would level out in the next year. Hopefully, there would be small increases for cost of living.

Mr. Keller explained the reason for the change in the fee schedule in different states. He said there were still changes in levels to some degree. Some states were hit hard and others enjoyed increases. Springfield saw a hit because they had been receiving reimbursement at the highest level.

Mr. Keller gave an overview of EMS including staffing, equipment, stations, number of calls received each year and area of coverage. He described some of these services. He said it was an effective system that benefited citizens.

Councilor Ralston asked if we charged people for an ambulance arriving on the scene.

Mr. Garitz said if they were treated, but not transported, they would be charged for an aid call only. If no service other than responding was required, there would be no charge.

Mr. Keller said that was typical in the industry. Nearly twenty-five to thirty percent of 9-1-1 calls received did not result in transport. The standard call where aid only was required would be for a diabetic.

Mr. Keller reviewed the funding sources and the use of funds in personnel and non-personnel costs. He referred to a chart showing the Expense Allocation Comparison between EMS and the General Fund and Option Levy.

Mayor Leiken asked for an example of the Internal Vehicle Rent.

Mr. Kelly said vehicle rent is a way of amortizing vehicles for vehicle replacement.

Mr. Keller said that was something he would be researching during this trip to Springfield. The EMS fund had become a source to help fund other city services, which was appropriate at the time.

Councilor Lundberg asked about the use of funds for personnel. Some were EMS personnel and some were F&LS.

Mr. Keller said that was correct.

Councilor Ballew said there was a lot of overlapping between General Fund and EMS. She said it was important to look at this as a total.

Mr. Keller said that was true. EMS and ambulance transportation could not be extricated from fire suppression and prevention. The F&LS Department made the decision to integrate the functions and create the Fire and Life Safety. The consultant would be looking at what would happen if the city got rid of the ambulance transportation.

Mr. Keller discussed Fire Industry Standards as noted in the power point presentation. He referred to the options available to the city regarding EMS: 1) Eliminate EMS; 2) Modify Staffing of the Fire Department and EMS; 3) Evaluate Allocation of Funds; or 4) Find new revenue sources. He discussed first response and noted that he had never seen a community who did not provide first response from their Fire Department. He discussed EMS and if it could fund itself. He explained that it could pay for itself, but could not pay for itself plus non-EMS position in the Fire Department, non-EMS non-personnel expenses at the Fire Department and indirect and internal city charges. He discussed positions that would be eliminated if EMS was eliminated. He referred to positions necessary for the Fire Department that the EMS currently funded. Without the EMS revenue, the city would need to find \$700,000-\$800,000 to fund internal and indirect expenses currently being funded by EMS and to replace dispatch funding. Mr. Keller described the advantages and disadvantages in making modifications to Fire and EMS staffing.

Councilor Pishioneri asked if the staffing referred to was on duty twenty-four hours a day, seven days a week.

Mr. Keller said that was correct. He continued to discuss reductions in staffing and the advantages and disadvantages of that option. One of the advantages would be a reduction in cost and one of the disadvantages would be a compromise in fire suppression capability.

Councilor Ralston asked about the cost reduction by modifying the staffing.

Mr. Keller said the example in the power point presentation was for three positions.

Mr. Keller discussed the option to re-evaluate expense allocations. He discussed the findings of his study to date. He discussed Non-Emergency Ambulance Transport as a possible option for the City of Springfield. With Sacred Heart moving to Springfield, there would be an increase in emergency and non-emergency transports.

Councilor Ballew asked why that would increase.

Mr. Keller said because of the large number of discharges from their facility.

Chief Murphy explained that calls go to the city that is the city of origin. If a call was to come from Sacred Heart (once it is located in Springfield), Springfield would be the point of origin and Springfield would be called.

Mr. Keller referred to the following questions in the power point presentation: 1) Does expanding non-emergency transport make economic sense? and 2) Will additional call volume negatively impact EMS or fire operations? He addressed those questions. He discussed productivity figures relating to number of transports per staffed medic unit hour. He noted that the volume would not impact operations until the level reached 0.29. He said current levels were at 0.21 and an increase of 800 additional transports would bring the level of 0.24. He said there was capacity in the existing system to take on additional work without increasing costs.

Councilor Ralston asked if these were non-emergency or emergency.

Mr. Keller said he was discussing non-emergency trips, such as discharges from the hospital.

Mr. Keller said Eugene was looking at using another entity to perform its non-emergency transport. They currently estimate about 250 to 800 non-emergency transports per year. He said this wouldn't add additional staffing or ambulances, and would incur only marginal costs such as fuel, wear and tear on ambulances, and medical supplies. Two hundred and fifty transports would generate about \$36,000 net revenue per year and eight hundred transports would generate about \$115,000 net revenue per year. Seven hundred and fifty transports could pay for a forty-hour medic unit.

Mr. Keller discussed the following other features: 1) contracting with facilities can generate additional and guaranteed revenue; 2) Sacred Heart transition will be facilitated; 3) captures all ambulance revenue available in the system to support EMS; and 4) additional units or staffed hours can be added only when new revenue will pay for them.

Discussion was held regarding the staffing levels for the five stations in Springfield and the possibility of reducing personnel. Each full-time employee (FTE) equaled about \$82,000, including wages and benefits. There were approximately sixty-six FTE operating out of the stations, a mix of overtime and relief.



Councilor Ralston asked how much the EMS would have to discontinue giving to the General Fund to keep the EMS Fund solvent.

Mr. Keller said the exact figure would be in the final report.

Councilor Lundberg said she understood there would be two areas council was to consider. The first was whether or not to make reductions and the second was whether or not to look into the other transportation pieces to make up some of the funding.

Mr. Keller said staff was not asking for direction. This was informational only.

Mr. Garitz said staff would like council to let the consultant know what information they wanted specifically in the report.

Councilor Lundberg asked for notes showing the trend of what would occur with either option.

Mr. Keller said he would recommend looking for areas where the cost was minimal and the revenue was full. He said for Springfield F&LS to provide service to the outlying areas where contracts already exist, the costs were marginal and the revenue was full load. If one of those areas required an additional medic unit or ambulance, the cost would no longer be marginal.

Councilor Lundberg asked if those areas would be part of a fire district if a fire district was formed.

Mr. Keller said that was correct.

Councilor Ralston said he supported taking advantage of using non-emergency transport to raise additional funding. He also suggested raising the Fire-Med fee.

Mr. Garitz said the FireMed cost had been raised for this upcoming year five dollars to fifty dollars.

Mr. Keller described the benefit of FireMed and the balance of keeping it strong versus Medicare. The balance was to keep the FireMed costs lower than the co-pay allowed with Medicare.

Councilor Ralston said FireMed was a great benefit for those who did not use Medicare.

Councilor Ballew said EMS was a fund within the city and to say that indirects were causing them to be in the red was incorrect. She said it was all being paid by the city.

Mr. Keller said this was not judgmental, just the fact of how the money was being spent. He said they were asked if the EMS Fund was adequate to fund the EMS and ambulance transportation services being provided by the Fire Department and the answer to that would be yes, and that was why it was showing a deficit.

Councilor Ballew discussed the indirects further.

Mr. Keller said that was a policy decision from the council how those indirects were to be charged. He said he was just showing where the money was funded.

Mr. Kelly said he had prepared a budget a month ago to go to the Budget Committee on April 26. The F&LS budget was also prepared, but prior to council direction regarding this subject. Chief Murphy and Mr. Kelly went forward and prepared the F&LS with a combination of all three: reductions in F&LS, certain new revenue (raising fees, first response fee), and using part of existing reserve. This would be Mr. Kelly's short term recommendation until council could give longer term direction. Staff was not looking for direction on how it might affect the coming year's budget, but rather was looking for direction for the consultant.

Mayor Leiken said our community would continue to grow and it was worrisome to look at reductions. He said we have a large population of retired citizens. He referred to the county's desire for a special district for public safety and the city's past attempt to join a Fire District. He said it may be worth revisiting the Fire District discussion. He said cutting public safety was not a good message to those who want to move here.

Councilor Ballew asked if they would be making recommendations regarding the objectives of improving effectiveness, efficiency and economy.

Mr. Keller said they would make recommendations relative to operations, staffing, billing and collection. They would not approach scheduling. He said the labor group was pro-active and responsive to some of his suggestions. He summarized council's direction on the information they wanted included in the final report. They included: 1) expenditures with current allocations forecasted in out years; 2) districts as an option for stabilizing funding; and 3) summary of trends.

Mayor Leiken asked about the breaking point of raising the cost of FireMed where people would no longer pay the price.

Mr. Keller said he would research that question. He discussed some of the issues.

Chief Murphy said FireMed was not started to raise fees. It was started so moderate to low-income residents would take the ambulance when needed. The secondary function was to raise money.

#### ADJOURNMENT

The meeting was adjourned at 7:25 pm.

Minutes Recorder – Amy Sowa

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Sidney W. Leiken  
Mayor

Attest:

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Amy Sowa  
City Recorder